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LIBEL SUIT POSSIBLE IN CIA-ABC CASE

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ABC News' confrontation with the Central Intelligence Agency over a news report could wind up putting the TV network on the defensive in a libel suit. Time Inc. also may be facing similar court action.

A Beverly Hills attorney is putting both media companies on notice that he wants them to clear the name of his client, former prison guard Scott T. Barnes. In letters to ABC News and Time magazine, attorney Jeffrey L. Glassman claims that they have portrayed Barnes as "neither truthful nor reliable" and seeks payments of \$250,000 from each. Such demands often precede formal filings of libel suits.

The attorney's registered letter had not reached ABC's New York headquarters Monday, and the network had no comment on Glassman's demands, according to an ABC spokesman.

The letters are the latest turn in a story that began last summer, when Barnes was the principal source of a disputed ABC "World News Tonight" report outlining an alleged CIA plot to murder Honolulu investment counselor Ronald R. Rewald. ABC later retracted the story, and Time magazine reported ABC's retraction in its Dec. 10 edition.

Attorney Glassman claims that the ABC retraction and Time's reporting damaged Barnes' reputation and credibility and "caused him severe emotional distress."

Barnes' murder charge was raised in Sept. 19 and 20 reports by ABC Los Angeles-based correspondent Gary Shepard. The reports closely paralleled charges contained in two lawsuits filed against the CIA by Rewald and investors in the bankrupt Honolulu investment firm of Bishop, Baldwin, Rewald, Dillingham & Wong. Barnes' claim initially was made in a sworn statement delivered as part of those suits and repeated before ABC's camera.

Rewald currently is under federal indictment for allegedly defrauding about 400 people out of about \$22 million. Rewald has claimed that the firm was a front for clandestine CIA operations, including illegal arms shipments to foreign countries. The agency has acknowledged a limited involvement with Rewald and the Hawaiian company but has denied any relationship with Barnes.

ABC stood by its story for two months despite the initial CIA denials. In November, however, ABC retracted Barnes' portion of the story after a series of meetings between network and intelligence agency officials, including a personal phone call from CIA Director William J. Casey to American Broadcasting Cos. Inc. Chairman Leonard H. Goldenson.

According to ABC, the CIA offered no factual refutation of Barnes' charge. ABC News management concluded that the network could no longer substantiate the story of the alleged murder plot

after, ABC said in an on-air clarification broadcast Nov. 21, Barnes refused to take a lie-detector test to back up his claim.

In the clarification, "World News Tonight" anchorman Peter Jennings said: "We asked Barnes to take a lie-detector test, but he refused. So ABC News has now concluded that Barnes' charges cannot be substantiated, and we have no reason to doubt the CIA's denial."

Barnes, however, did agree to a conditional polygraph examination—he said that he would take such an exam if representatives of the intelligence agency would too. Charles Stuart, producer of the news report, told The Times last month that he dismissed Barnes' offer as an "idle statement" and never presented it to top network management.

In his letter mailed to ABC on Friday, attorney Glassman demanded that ABC pay \$250,000 "for the damages caused Mr. Barnes by the willful and malicious statement indicating that Mr. Barnes was neither truthful nor reliable." Glassman claimed that the network's Nov. 21 clarification was "knowingly false" and implied that Barnes "was not truthful with respect to the information supplied to ABC."

In addition to the money, Glassman demanded that ABC issue a public retraction of its statement that Barnes refused a lie-detector test.

Glassman's similar letter to Time Inc. was scheduled to be mailed on Monday. He also planned to demand \$250,000 from Time, Glassman said. A spokesman for the magazine said that it would not comment until after it had received the attorney's letter.

Time's brief story on the affair repeated the clarification read by Jennings, including the statement that Barnes refused a lie-detector test, and the CIA's flat denial of any dealings with Barnes.

In addition to ABC's potential legal problems with Barnes, the network is facing another unprecedented legal challenge as a result of its September broadcasts. On the same day that ABC broadcast its clarification of the Barnes story, the CIA filed a fairness doctrine complaint against the network with the Federal Communications Commission. The CIA accused the network of deliberate news distortion and asked the FCC to consider the charge in reviewing ABC's fitness to hold broadcast licenses.

The CIA's controversial complaint, the first ever brought by a government agency against a broadcaster, currently is being reviewed by the FCC's staff. An initial ruling is expected within a few weeks.